The Top 40

Who's hot and what's hot in the entertainment business

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September 28, 1992 Four Dollars

Forbes

THE SAVINGS & LOAN MESS

MAKING THE WRONG PEOPLE PAY

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SEPTEMBER 28, 1992 VOLUME 150 NUMBER 7

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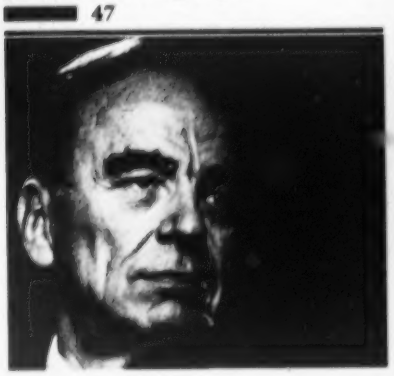

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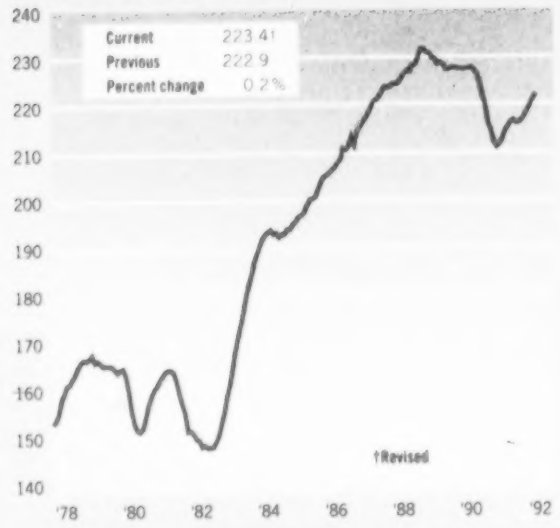
The Forbes Index (1967=100)



The recovery, if that's what we have now, continues on a very feeble path. July's 0.2% gain in the Forbes Index is the weakest showing in five months, though the index has been trending upward since last December. Real (inflation-adjusted) personal income is only 0.2% higher than it was a year ago—and below its level two years ago. The Commerce Department's index of leading indicators, which attempts to gauge the extent of economic activity six to nine months hence, is up only 1.8% from January. Manufacturers' new orders slipped 3% in July.

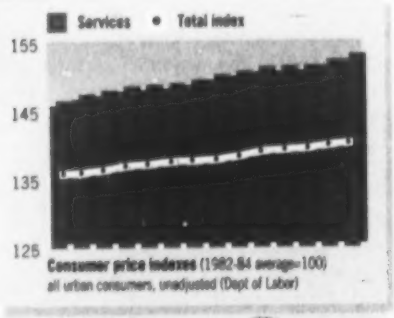
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	6.0%
Auto sales year to date vs 1991[1]	Ward's Automotive	1.0%
Index of leading indicators July vs June	Dept of Commerce	0.1%
Trade balance 12 months ended June1992	Dept of Commerce	-$70bil
All-commodity producer price index July vs June[2]	Dept of Labor	0.0%
GDP 2nd quarter vs 1st—annualized growth	Dept of Commerce	1.4%
M2 (3-month change)—annualized growth[3]	Federal Reserve	-1.1%

[1] U.S.-based manufacturers, excludes imports, as of 8/31/92. [2] Wholesale goods. [3] Includes M1 (public currency and checking deposits) plus savings accounts and money market funds.

Index components

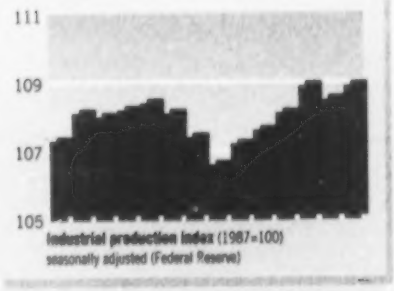
The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: The cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total industrial production, new housing starts, personal income, new claims for unemployment compensation, total retail sales, total consumer installment credit.

To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



Consumer price indexes (1982-84 average=100) all urban consumers, unadjusted (Dept of Labor)

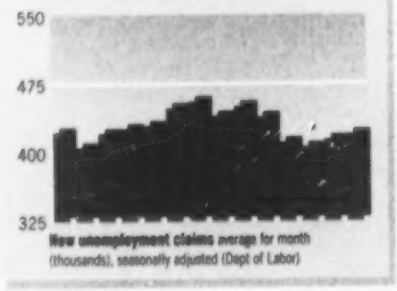
Manufacturers' new orders and inventories ($billions), seasonally adjusted (Dept of Commerce)



Industrial production index (1987=100) seasonally adjusted (Federal Reserve)

New housing starts (thousands) privately owned, unadjusted (Dept of Commerce)

Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept of Commerce)



New unemployment claims average for month (thousands), seasonally adjusted (Dept of Labor)

Retail sales ($billions), seasonally adjusted (Dept of Commerce)

Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

J J A S O N D J F M A M J J J J A S O N D J F M A M J J J J A S O N D J F M A M J J

It's been a good year for cowboys and comics, Madonna and magic. Here are FORBES' Top 40 earning entertainers for 1992.

The Top 40

By Peter Newcomb and Jean Sherman Chatzky

FOR SIX YEARS running FORBES has estimated the earning power of the world's top entertainers. In three of the six, TV star Bill Cosby has tuned in to the top spot.

This year it's Cosby across the board. He continues to collect his share of the over $1 billion in syndication revenue from the sale of *The Cosby Show*. Add to that his million-dollar executive producer fees and endorsement deals, and Cosby should pull in some $98 million over two years. Up next for the comedian: *You Bet Your Life*, his redo of the 1950s game show that featured Groucho Marx. If the show performs half as well in the ratings as *Cosby*, the cigar-chomping Coz should stay near the top of our ranking for years to come.

Second to Cosby is TV talk show hostess Oprah Winfrey. Winfrey's show is seen in over 99% of the nation's TV markets, as well as in 55 countries. Her new deal with King World should make her a near lock for the top slot next year.

The list's highest-ranked newcomer is an unassuming Oklahoman named Garth Brooks (FORBES, *Mar. 2*). With a road show that combines Led Zeppelin with Roy Rogers, Brooks has become the biggest country music star since Hank Williams. His records have sold over 20 million copies, and his concert tour has been one of the few bright spots for the nation's concert promoters this year. Brooks makes his debut at number 13, lassoing $44 million in two years.

Some old Hollywood hands finally grab new Hollywood green this year as Dustin Hoffman and Robert De Niro join our ranks. De Niro, bolstered by his hair-raising performance in *Cape Fear*, now commands upwards of $4 million a picture—and he's made several this year. As did new entry Robin Williams and tinsel tycoon Steven Spielberg, Hoffman gambled by taking small upfront fees for his work in the Peter Pan update *Hook*, divvying up some 40% of the picture's gross instead. The deal paid off when *Hook* grossed over $250 million. Video sales further added to the trove.

Out of this year's hat springs prestidigitator David Copperfield. Copperfield levitates railroad cars, makes jet airliners disappear and escapes Houdini-like from imploding buildings while shackled and chained. His tour schedule is equally death-defying, often running to over ten shows a week. He appears this year at the seventeenth spot. His two-year take: $35 million.

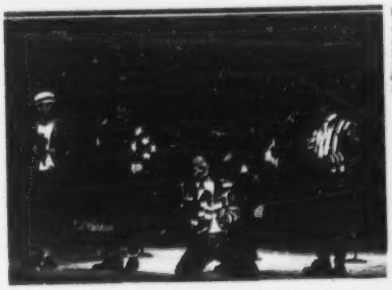
Dropping off the list this year is *Simpsons* creator Matt Groening. Also off the bottom of the chart are rehabilitated rockers Aerosmith, ex-Beatle Paul McCartney and piano man Billy Joel. And after going back to the future perhaps one too many times, actor Michael J. Fox makes his exit. White rapper Robert Van Winkle, a.k.a. Vanilla Ice, held last place among the Top 40 in 1991 but slipped off it in 1992.

Rock is slipping. Country music and magic are in.

William H. Cosby Jr.
actor, comedian, author
1992 $40,000,000
1991 $58,000,000
Total $98,000,000

Oprah Winfrey
TV host, film producer
1992 $46,000,000
1991 $42,000,000
Total $88,000,000

Kevin Costner
actor, director
1992 $21,000,000
1991 $50,000,000
Total $71,000,000



New Kids On The Block
pop music group
1992 $ 8,000,000
1991 $ 54,000,000
Total $ 62,000,000

Steven Spielberg
director, producer
1992 $ 30,000,000
1991 $ 27,000,000
Total $ 57,000,000

Michael Jackson
pop singer
1992 $ 26,000,000
1991 $ 25,000,000
Total $ 51,000,000

Guns N' Roses
rock group
1992 $ 26,000,000
1991 $ 21,000,000
Total $ 47,000,000

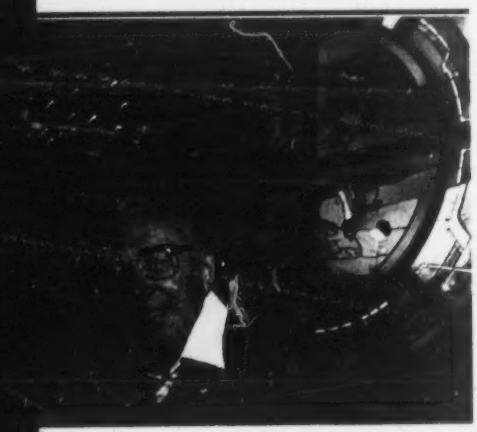
Johnny Carson
TV host, producer
1992 $ 15,000,000
1991 $ 30,000,000
Total $ 45,000,000

Prince
pop singer
1992 $ 35,000,000
1991 $ 10,000,000
Total $ 45,000,000

U2
rock group
1992 $ 27,000,000
1991 $ 9,000,000
Total $ 36,000,000

David Copperfield
illusionist
1992 $ 20,000,000
1991 $ 15,000,000
Total $ 35,000,000

Tom Cruise
actor
1992 $ 18,000,000
1991 $ 15,000,000
Total $ 33,000,000



Charles M. Schulz
cartoonist
1992 $ 24,000,000
1991 $ 25,000,000
Total $ 49,000,000

Madonna
pop singer, actress
1992 $ 24,000,000
1991 $ 24,000,000
Total $ 48,000,000

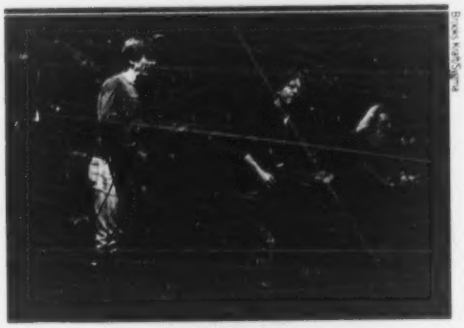
Julio Iglesias
pop singer
1992 $ 25,000,000
1991 $ 23,000,000
Total $ 48,000,000

Garth Brooks
country music singer
1992 $ 24,000,000
1991 $ 20,000,000
Total $ 44,000,000

Arnold Schwarzenegger
actor
1992 $ 28,000,000
1991 $ 15,000,000
Total $ 43,000,000

Eddie Murphy
actor, comedian
1992 $ 24,000,000
1991 $ 16,000,000
Total $ 40,000,000

Mel Gibson
actor
1992 $ 22,000,000
1991 $ 10,000,000
Total $ 32,000,000



The Grateful Dead
rock group
1992 $ 15,000,000
1991 $ 16,000,000
Total $ 31,000,000

Dustin Hoffman
actor
1992 $ 23,000,000
1991 $ 7,000,000
Total $ 30,000,000

Siegfried & Roy
illusionists
1992 $ 15,000,000
1991 $ 15,000,000
Total $ 30,000,000

Michael Douglas
actor, producer
1992 $ 14,000,000
1991 $ 16,000,000
Total $ 30,000,000

Tom Clancy
novelist
1992 $ 14,000,000
1991 $ 15,000,000
Total $ 29,000,000

ZZ Top
rock group
1992 $ 18,000,000
1991 $ 11,000,000
Total $ 29,000,000

Cameron Mackintosh
producer
1992 $ 12,000,000
1991 $ 15,000,000
Total $ 27,000,000

Sylvester Stallone
actor
1992 $ 16,000,000
1991 $ 10,000,000
Total $ 26,000,000

Andrew Lloyd Webber
composer, producer
1992 $ 14,000,000
1991 $ 12,000,000
Total $ 26,000,000

Jack Nicholson
actor
1992 $ 14,000,000
1991 $ 10,000,000
Total $ 24,000,000

John Hughes
writer, producer, director
1992 $ 4,000,000
1991 $ 20,000,000
Total $ 24,000,000

Arsenio Hall
TV host, comedian
1992 $ 12,000,000
1991 $ 12,000,000
Total $ 24,000,000

Stephen King
novelist, screenwriter
1992 $ 15,000,000
1991 $ 13,000,000
Total $ 28,000,000

Hammer
rap singer
1992 $ 16,000,000
1991 $ 12,000,000
Total $ 28,000,000

Robin Williams
actor, comedian
1992 $ 20,000,000
1991 $ 7,000,000
Total $ 27,000,000

Robert De Niro
actor
1992 $ 14,000,000
1991 $ 11,000,000
Total $ 25,000,000

The Rolling Stones
rock group
1992 $ 14,000,000
1991 $ 11,000,000
Total $ 25,000,000

Bruce Willis
actor
1992 $ 10,000,000
1991 $ 15,000,000
Total $ 25,000,000

Frank Sinatra
singer
1992 $ 9,000,000
1991 $ 14,000,000
Total $ 23,000,000

Sean Connery
actor
1992 $ 9,000,000
1991 $ 13,000,000
Total $ 22,000,000

Janet Jackson
pop singer
1992 $ 4,000,000
1991 $ 18,000,000
Total $ 22,000,000

THE FORBES/BARRA WALL STREET REVIEW

BY ERIC S. HARDY

By its fundamentals—stock prices in relation to earnings and dividends—the market is extremely expensive. Somebody out there is willing to buy, even though the S&P 500 is hovering at 24 times its $17 trailing earnings, and 33 times dividends. But there's also a big bearish contingent on the loose. Short interest on the New York Stock Exchange has risen for five straight months. August's total of 907 million shorted shares (which represents the sum of all uncovered short positions, regardless of transaction date) is an alltime high.

So, if you call yourself a contrarian, how do you bet? Argus Research's James Solloway bets against the short-selling crowd. How does he argue with the fundamentals? The trailing earnings for the index, says Solloway, reflect lots of writeoffs during the last half of 1991. The market's price/earnings ratio from continuing operations is more like 18.

Special focus

Managers of these firms think the stocks are buys: They have been sopping up cash by buying in shares. The companies show a decline in shares outstanding during the last five fiscal years and each of the last four quarters. Note that these stocks tend to be cyclicals; growth companies don't often have excess cash on hand.

Reduced offerings

Company	5-year reduction in shares
Ennis Bus Forms	-18%
General Re	-16
Loews	-17
Polaroid	-21
Ralston Purina	-28
Rockwell Intl	-21
Tandy	-13
Torchmark	-22

Source: Value Line

The overall market

Closeup on the market

Index or investment	2-week change	% change from 1 year	% change from 5-year high
Barra All-US index	0.1%	7.9%	-2.9%
S&P/Barra Growth index	0.3	10.5	-2.6
S&P/Barra Value index	-0.3	10.5	-2.4
Dow Jones industrials	-0.4	9.4	-3.5
S&P 500	-0.1	7.4	-1.7
NYSE	-0.1	7.8	-1.5
Nasdaq	1.2	11.2	-10.9
Amex	-0.2	4.3	-8.1
EAFE[1]	10.7	-1.1	-22.8
CRB index[2]	1.0	-4.8	-25.6
Gold	1.0	-1.8	-32.2
Yen[3]	-2.0	-9.0	-24.4
Oil[4]	1.2	0.0	-47.3

The best and worst performing stocks[5]

Best	Price	2-week change	1992 EPS[6]	Worst	Price	2-week change	1992 EPS[6]
Diagnostek	17	62%	$0.71	Alteon	10¼	-28%	$-0.40
Sierra Semiconductor	12¼	40	1.11	Ashton	17¼	-24	-0.19
DSC Communications	8⅞	39	0.03	North American Vaccine	9⅛	-23	-0.30
Sun Electric	11⅓	36	0.39	Medco Research	12¼	-20	0.10
Amylin Pharmaceuticals	9	33	-1.09	Hibernia	4⅝	-20	-0.54

The best and worst performing industry factors[7,8]

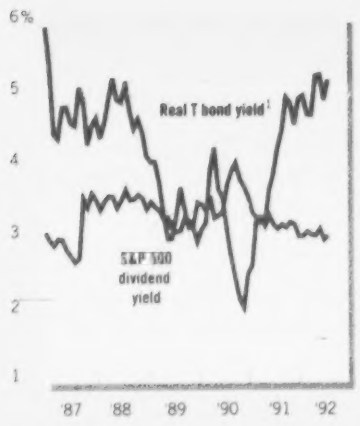
Best	2-week change	Since 12/31/91	Worst	2-week change	Since 12/31/91
Forest products	8.2%	49.7%	Thrifts	-4.4%	-7.0%
Tobacco	7.3	8.8	Water transport	-4.4	4.1
Photographic, optical	4.9	-0.1	Tire & rubber	-4.3	20.0
Trucking	4.3	-0.2	Aerospace	-4.0	-14.8
Coal & uranium	3.3	-23.3	Drugs	-3.8	-13.4

Note: Data for period ending 9/3/92. The Barra All-US index consists of all publicly traded common stocks for which price quotations are available and ordinary shares of foreign stocks trading on U.S. markets. ADRs, REITs and closed-end funds are excluded. [1] Total return of a portfolio of more than 150 large-capitalization stocks that has high historical earnings growth and has predicted above average earnings growth. [2] Total return of more than 300 large-capitalization stocks characterized by low price-to-book ratios, high yields and low price-to-earnings ratios. [3] A dollar-denominated capitalization-weighted index of more than 1,000 stocks from Europe, Australia, New Zealand and the Far East. Source: Morgan Stanley Capital International Perspective. [4] Index of 21 commodity futures. [5] Knight-Ridder Financial Information. [6] During the last two weeks. [7] Estimate. Source: Institutional Brokers Estimate System, from IBES, Inc. [8] Shows return to the industry factor after controlling for other influences, including company size, value and growth characteristics. Multi-industry firms have proportional contributions in two or more groups. Principal source: Barra, Inc., Berkeley, Calif.

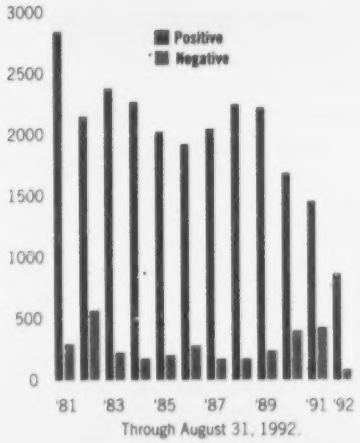
DIVIDENDS REVIEW

BY GILBERT STEEDLEY

Corporate vs. government yields



Corporate dividend revisions



Through August 31, 1992.

A welcome bright spot for the stock market: Dividend increases during the first eight months of 1992 are running nicely ahead of last year's count. So far this year 868 companies have boosted their payouts, up 22% from 1991, according to Arnold Kaufman, editor of an S&P newsletter.

People putting new money into the stock market today have to hope for some healthy dividend increases. After all, the stock market's yield of 3% is very much at the low end of its historical range and is far below what is available on a Treasury bond.

The tables below show ten utility and ten nonutility stocks whose yields—despite being substantially higher than 3%—appear to be safe. The standards for each table are slightly different: Utilities, which are usually bought for yield, must pay at least 6% and pay out no more than 95% of their earnings in dividends, while the ten companies in other industries have a minimum yield of 4% and maximum payout of 75%.

Dave Schanzer, an analyst at Janney Montgomery Scott, likes Atlantic Energy. Its average annual total return over the past ten years is about 20%, it's selling below the industry P/E, and its dividend, he says, is sustainable even if the economy doesn't pick up.

Representative industry yields

Industry	Yield	Payout ratio[2]	P/E	Industry	Yield	Payout ratio[2]	P/E
Auto & truck mfg	5.1%	NM	NM	Household products	2.4%	42%	23
Banking	4.0	39%	18	Integrated petroleum	4.8	127	14
Basic chemicals	4.3	69	18	Pharmaceuticals	2.2	36	20
Electric utilities	6.6	99	16	Retail	2.4	39	26
Electronics	1.8	32	23	Telecommunications	4.4	62	29

Sound yields, industrials

Company	Price	Indicated rate	Yield	Payout ratio[3]	EPS[3]
AAR	12¼	$0.48	4.0%	58%	$0.83
Ametek	15½	0.68	4.3	69	0.98
Barnes Group	29	1.40	4.9	56	2.49
GATX	27¼	1.30	4.4	40	3.16
Humana	20⅝	0.90	4.0	43	2.08
Kaman	9¾	0.44	4.5	47	0.94
Lockheed	47½	2.12	4.2	39	5.20
Shared Medical Sys	20	0.84	4.2	71	1.18
SPI Pharmaceuticals	20⅝	1.06	4.8	37	2.69
Tasty Baking	16¾	0.80	4.4	57	1.35

Sound yields, utilities

Company	Price	Indicated rate	Yield	EPS[3]
Allegheny Power Sys	48¼	$3.20	6.6%	$3.73
Atlantic Energy	24	1.52	6.3	1.83
Central Maine Power	23	1.56	6.8	1.95
Central Vermont Pub Svc	33⅜	2.08	6.2	2.72
Commonwealth Energy	41⅞	2.92	7.0	2.68
Green Mountain Power	32⅛	2.06	6.3	2.39
NUI	24⅛	1.58	6.4	1.68
Orange & Rockland Util	39⅛	2.48	6.3	3.02
South Jersey Industries	23¼	1.44	6.2	1.67
Western Resources	30	1.90	6.3	2.13

Note: All data, except where footnoted, as of 8/31/92. [1]Yield on 30-year Treasurys adjusted for inflation using the trailing 12 months' increase in the Consumer Price Index. [2]Capitalization-weighted. Dividends divided by net income; all extraordinary items are excluded. [3]Trailing 12 months. NM: Not meaningful. Sources: Media General, Value Line, via Lotus One Source; Standard & Poor's.